

## Message Text

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73

ACTION ARA-20

INFO OCT-01 ADP-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 L-03 DOTE-00 RSR-01 /098 W

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R "02010Z AUG 73

FM AMEMBASSY SAN SALVADOR

TO SECSTATE WASHDC 3552

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E.O. 11652 N/A

TAOS: EFIN: ES

SUBJ: IRCA: SALE OF GM TOCOMOTCVES

REF: SAN SALVADOR 2703; SAN SALVADOR 2533; SAN SALVADOR 2245

1. IRCA "INTERVENTOR" ING. SILVA CALLED ON COMMERCIAL ATTACHE FRIDAY TO STATE THAT GOES HOPES TO CONSUMATE PURCHASE OF LOCOMOTIVES FROM GENERAL MOTORS NEXT WEEK. HE SAID THAT GM HAS AGREED TO ACCEPT PRICE OF 1.2 MILLION DOLLARS FOR 16 LOCOMOTIVES WITH A DOWN PAYMENT OF \$200,000 AND THE BALANCE SPREAD OUT OVER FIVE YEARS AT 6 PERCENT WITH A 90 DAY GUARANTEE TO DELIVER FULLY OPERATIVE UNITS, AND 15 YEARS OF SPARE PARTS. THE GOES IS ALREADY MAKING PROVISION FOR THE DOWN PAYMENT.

2. SILVA STATED THAT LIC BATISTA MENA AND HE WOULD TRAVEL NEXT WEEK TO NEW YORK AND THAT THEY EXPECTED GENERAL MOTORS' LAWYER, DR. ORTIZ MANCIA, TO ACCOMPANY THEM.

3. SILVA COMMENTED THAT AFTER THE GOES TAKES TITLE TO THE LOCOMOTIVES IT WOULD THEN FACE THE ISSUE OF WHAT TO DO WITH IRCA. HE SAID THAT THE GOES FELT THAT TAKING OVER THE RAILROAD'S DEBTS ENTAILS THE AUTOMATIC CANCELLATION OF IRCA'S CONCESSION AND THAT COMPENSATION FOR WHAT OTHER ASSETS IRCA HAS WOULD BE A MATTER FOR THE COURTS TO DECIDE. IN ANY CASE, THE EMBASSY

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WOULD BE KEPT INFORMED OF WHATEVER DECISION THE GOES TAKES, SINCE THE LATTER HAS NO INTENTION OF PROVOKING AN "EXPROPRIATION PROBLEM".

4. LATER GM'S LAWYER, DR. ORTIZ MANCIA, CONFIRMED TO COMMAT SILVA'S STATEMENTS REGARDING GM'S ACCEPTANCE OF THE GOES OFFER AND HIS TRAVEL TO NEW YORK. HE ADDED, HOWEVER, THAT BEFORE DOING SO HE WOULD INSIST ON THE BEST POSSIBLE PROOF THAT LIC. BATISTA MENA IS EMPOWERED TO SIGN A LETTER OF COMMITMENT. DR. MANCIA SAID HE UNDERSTOOD THE POLITICAL REASONS WHICH PREVENT THE GOES FROM INCLUDING THE 1.2 MILLION DOLLARS IN THE BUDGET AT THIS TIME, BUT THE NEVERTHELESS HE FEELS OBLIGED TO CLARIFY THE SITUATION WITH GENERAL MOTORS AND TO LEAVE IT UP TO THEM TO MAKE A FINAL DECISION.

5. IT SEEMS THAT MINECON SANCHEZ AGUILLON IS OFFERING TO PROVIDE BATISTA MENA WITH A LETTER AUTHORIZING HIM TO SIGN A LETTER OF COMMITMENT AND THAT HE INTENDS TO SIGN THE FINAL CONTRACT HIMSELF. MOSKOWITZ

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NNN

\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** hilburpw  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
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**TAGS:** EFIN, ETRD, ES  
**To:** STATE  
**Type:** TE  
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